



**Legislative Department  
Seattle City Council  
Memorandum**

**Date:** January 20, 2010  
**To:** Transportation Committee  
**From:** Christa Valles, Central Staff  
**Subject:** First Hill Streetcar

On January 26, the Seattle Department of Transportation (SDOT) will brief the Transportation Committee on the status of the First Hill Streetcar Project. The First Hill Streetcar is a 2-mile connector intended to serve Seattle's Capitol Hill, First Hill and International District areas. SDOT is currently studying various route alternatives for the Streetcar. It conducted a set of public open houses in December 2009 and plans to hold several more in February and March. SDOT's timeline anticipates Council's review and approval of the route will occur in April.

At the January 26 committee meeting, SDOT will provide a general overview of the route alternatives currently being considered, but it does not yet have more detailed comparative information available, such as cost, ridership, and travel times. Council members may want to provide feedback to SDOT on the route alternatives (are they studying the right mix?) and the criteria SDOT is proposing to use to evaluate them (is anything missing, should some be weighted more than others?).

**Background**

The North Link light rail route was initially planned to include a light rail station in First Hill. Technical studies, however, identified significant engineering, geology and construction risks with the site, leading the Sound Transit Board to eliminate it from the route. After studying several alternative transit options to serve the First Hill area, the Board determined a streetcar running from 5<sup>th</sup> and Jackson to Broadway and Aloha (or somewhere in the vicinity of the light rail station on Broadway) was the best alternative.

Sound Transit staff estimated it would cost between \$140 and \$160 million to construct a First Hill Streetcar to John Street, with an extension to Aloha costing another \$23 to \$26 million. In November 2007, the roads and transit ballot measure failed, which included funding to expand Sound Transit (aka ST2) and pay for the First Hill Streetcar. Sound Transit sought to reduce the overall cost of ST2 in hopes voters would be amenable to a lower cost transit-only measure. As part of the effort to reduce costs, City staff estimated Seattle could construct the First Hill Streetcar to John Street for \$120 million, saving Sound Transit between \$20 and \$40 million. Based on the understanding that Seattle would construct the First Hill Streetcar, \$120 million in capital costs and \$5.2 million in annual ongoing operation and maintenance (O&M) costs were included as part of the November 2008 ballot measure.

In November 2008, voters approved ST2 and in October 2009, the City Council approved Ordinance 123118, permitting the SDOT Director to sign a Memorandum of Agreement (MOA) between Seattle and Sound Transit for the construction of the First Hill Streetcar. A summary of the MOA is attached.

# **First Hill Streetcar City & Sound Transit MOA Summary**

## **Overview**

- City responsible for constructing and operating the First Hill streetcar.
- City Council approves streetcar route.
- Sound Transit (ST) provides \$120m (in 2007 \$) for construction costs per capital payment schedule.
- City responsible for any construction costs that exceed \$120m.
- ST provides \$5.2m annually for O&M costs (in 2007 \$) per operating payment schedule.
- City must negotiate changes to O&M service plan with ST if O&M costs exceed revenues (City cannot unilaterally change service plan).
- Either party can terminate for convenience during construction phase.
- MOA term is 5-years with automatic 5-year renewal periods (if either party wants to terminate, must provide notice no later than August 31, 2021).

## **MOA details**

### **Section 2.1: Project Construction**

- City responsibilities for all project construction, including:
  - environmental review and mitigation,
  - hazardous waste removal
  - permits
  - acquisition of ROW
  - purchase of streetcar vehicles
  - community involvement
  - construction management

### **Section 2.2: Outreach Plan**

- City must develop community outreach plan, ST must concur.
- Prior to ST's review, City Council will have opportunity to review and comment on.

### **Section 2.4.1: Environmental Review**

- City coordinates environmental review with ST.
- City nominal lead agency for SEPA. ST will act as co-lead.
- ST must approve final SEPA document prior to publication.
- SEPA document will be used to "inform the Sound Transit Board's decision on funding the Project."

### **Section 2.4.2: Route Selection**

- City Council will review and approve the route.

### **Section 2.4.3: Sound Transit review**

- City must work with ST to ensure Project meets Minimum Scope of Work.
- ST provides comments at 30-60-90 % design phases, including cost estimates and traffic analysis

### **Section 2.5: Project Bids/Termination**

- Project bids or MACC must be rejected if costs exceed available funds (unless approved and funded by the City Council).
- Parties can agree to reissue a call for bids or terminate agreement after 18 months.
- Executive cannot terminate Project without City Council approval (per Section 6.1).

### **Section 2.6: Certification to ST**

- Before City puts project out for bid or authorizes GC/CM, must certify to ST that bid documents meet both operating and capital requirements of project.

### **Section 3.1: Funding restrictions until final ST decision**

- Until ST makes final decision to fund Project, City restricted to expenditures for environmental documentation, conceptual engineering, & other pre-approved costs consistent with SEPA.
- Total costs, prior to ST making final decision to fund Project, cannot exceed \$5.4m.

### **Section 4:1 Operations**

- City responsible for streetcar operations.
- ST not obligated to fund O&M if Project doesn't meet Minimum Scope.
- City must work with ST on new service plan if O&M costs exceed ST contribution, sponsorship revenues, and grants. ST can approve City's proposed service changes, or an agreed upon alternative plan, or elect to operate Project directly.
- City must conduct fare enforcement for minimum 10% of riders each day.

### **Section 4.2 & 3: Third-party operator**

- City may contract with a third-party operator to operate streetcar.
- If third party operator not obtained, ST may negotiate with City to operate.

### **Section 4.4: ST Right to operate and O&M payments**

- ST reserves right to operate Project directly after 5-years.
- O&M payments cannot exceed present value of \$5.2m per year from 2016- 2023

### **Section 4.6: Eligible O&M costs**

- Eligible O&M expenses include payments to third-party operator, administration costs (both City's and ST's), insurance, annual depreciation.
- City must provide annual written report to ST on depreciation fund activity.

### **Section 4.9: Sponsorship agreements with Sound Transit**

- ST has right of first refusal to enter into sponsorship agreements with City at a price equal to 50% of current rates.

### **Section 9.2: MOA Amendments**

City Council must approve any substantive amendments to the MOA.